UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Periodic Reporting   Docket No. RM2021-4
(Proposal Two)

CHAIRMAN'S INFORMATION REQUEST NO. 2

(Issued April 22, 2021)

To clarify the Postal Service's petition to consider proposed changes in analytical principles, filed March 24, 2021, the Postal Service is requested to provide written responses to the following questions.[1] Answers to each question should be provided as soon as they are developed, but no later than April 29, 2021.

1. Please refer to Excel file "Proposal Two FCM Letters Cost Model.xlsx" filed with the Petition. On tabs "CRA – Presort Letters," "CRA – Presort Cards," and "CRA – Metered Letters," the Postal Service modifies the treatment of cost pools. On the cost sheets[2] for each presort level, the Postal Service removes the "Incoming Secondaries" costs for "Box Section Sort, DPS" and "Box Section Sort, Other."

   a. Please confirm that Proposal Two proposes the following two distinct changes: (1) modifying the treatment of cost pools for the Cost and Revenue Analysis (CRA) adjustment factor, and (2) removing the costs associated with Post Office (P.O.) Boxes.

   b. If not confirmed, please explain any additional changes to Docket No.

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[1] Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Two), March 24, 2021 (Petition).

[2] *See* Excel file "Proposal Two FCM Letters Cost Model.xlsx," tabs, "AUTO MAADC COST," "MACH MAADC COST," "BMM COST," "AUTO AADC COST," "AUTO 3-DIGIT COST," "AUTO 5-DIGIT OTHER COST," "Auto 5-digit Manual Cost," "AUTO 5-DIGIT COST," "MACH INCOMING COST," "NMACH MADC COST," "NMACH ADC COST," "NMACH 3-DIGIT COST," "NMACH 5-DIGIT COST," and "SP NMACH COST."

ACR2020, Library Reference USPS-FY20-10, December 29, 2020, Excel file "USPS-FY20-10 FCM Letters.xlsx"[3] present within Excel file "Proposal Two FCM Letters Cost Model.xlsx."

2.   Please confirm that 33 of the 52 CRA cost pools in LR USPS-FY20-10, Excel file "USPS-FY20-10 FCM Letters.xlsx" have equivalent treatment in Excel file "Proposal Two FCM Letters Cost Model.xlsx." If not confirmed, please explain.

3.   Please refer to Excel file "Proposal Two FCM Letters Cost Model.xlsx" and LR USPS-FY20-10, Excel file "USPS-FY20-10 FCM Letters.xlsx."

In Excel file "Proposal Two FCM Letters Cost Model.xlsx," the Postal Service details the proposed treatment for each cost pool. When compared to LR USPS-FY20-10, Excel file "USPS-FY20-10 FCM Letters.xlsx" some cost pools received equivalent treatment while other cost pools received different treatment. For each cost pool where there Postal Service proposes to change the treatment, supporting justification and quantitative explanation are required.

a.   For each of the cost pools below, please explain why the cost pool treatment moved from "Piggybacked" in LR USPS-FY20-10, Excel file "USPS-FY20-10 FCM Letters.xlsx" to "Unrelated" in Excel file, "Proposal Two FCM Letters Cost Model.xlsx."

i.   MODS EXPRESS

ii.   MODS REWRAP

iii.   MODS 1MISC

iv.   NONMODS EXPRESS

v.   NONMODS MISC

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[3] *See* Docket No. ACR2020, Library Reference USPS-FY20-10 – FY 2020 Special Cost Studies Workpapers – Letter Cost Models (First-Class and Marketing Mail), December 29, 2020, (LR USPS FY20-10), Excel file "USPS-FY20-10 FCM Letters.xlsx."

b. For the NDCS FSS cost pool, please explain why the cost pool treatment moved from "Piggybacked" in LR USPS-FY20-10, Excel file "USPS-FY20-10 FCM Letters.xlsx" to "Modeled/Proportional" in Excel file "Proposal Two FCM Letters Cost Model.xlsx."

c. For each of the cost pools below, please explain why the cost pool is treated as "Piggybacked" in LR USPS-FY20-10, Excel file "USPS-FY20-10 FCM Letters.xlsx."

   i. MODS 1PLATFRM

   ii. MODS 1SCAN

   iii. NDCS PLA

   iv. NONMODS ALLIED

d. For each of the cost pools below, please explain why the cost pool is treated as "Proportional" in LR USPS-FY20-10, Excel file "USPS-FY20-10 FCM Letters.xlsx."

   i. NONMODS BUSREPLY

   ii. NONMODS D.PO BOX

4. The Postal Service explains that NONMODS BUSREPLY would be treated as "Non-Workshare Fixed." *See* Petition, Proposal Two at 5 n.1. In Excel file, "Proposal Two FCM Letters Cost Model.xlsx," tabs, "CRA – Presort Letters," "CRA – Presort Cards," and "CRA – Metered Letters," cell "J65" is empty. Please confirm the cell "J65" should have the tag "Non-WS_Fixed." If not confirmed, please explain.

5. The Postal Service states "[c]osts incurred in NONMODS BULKACCP and NONMODS ALLIED cost pools are experienced by all pieces regardless of presort, either when the pieces enter the mail processing mail stream (NONMODS BULKACCP) or when they exit the mail processing stream

(NONMODS ALLIED)." Petition, Proposal Two at 7. Please provide a detailed
explanation of why the treatment for NONMODS ALLIED moved from
"Piggybacked" in LR USPS-FY20-10, Excel file "USPS-FY20-10 FCM
Letters.xlsx" to "Unrelated" in Excel file "Proposal Two FCM Letters Cost
Model.xlsx."

By the Chairman.

                                        Michael Kubayanda